



## Economic and Revenue Forecast Council

**EMBARGOED** until June 18, 2013 10:00 am PDT when it will be released at [www.erfc.wa.gov](http://www.erfc.wa.gov)

CONTACT: Steve Lerch, Chief Economist & Executive Director  
PHONE: 360-534-1560

### **Modest increases in revenue forecast due to slightly stronger housing**

OLYMPIA, June 18, 2013 – We continue to forecast slow economic and job growth for both the national and state economies. The June forecast for the 2011-13 biennium is \$110 million higher than in March. The forecast for the 2013-15 biennium has been increased by \$121 million and the 2015-17 biennium forecast has been increased by \$51 million.

The differences in the June economic forecast compared to the March forecast were slight. An increase in forecasted housing construction and taxable real estate activity increased the revenue forecast while lower forecasted inflation and employment worked to lower the forecast. The net result of these changes was relatively small. Forecasted GF-S revenue is now \$30.646 billion for the 2011-13 biennium, \$32.662 billion for the 2013-15 biennium and \$35.357 billion for the 2015-17 biennium.

As in the March forecast, housing has been slightly stronger than we expected. Total housing units authorized by building permits averaged 36,000 (SAAR) in the first quarter of 2013, up from 31,000 in the fourth quarter. The March forecast had assumed 33,700 units in the first quarter. Housing has not been this strong in Washington since the fourth quarter of 2007. As a result of the recent strength in housing, we have again raised our housing forecast for 2013 through 2017.

Uncertainty in the baseline remains very high, mostly due to on-going concerns about Europe, China, and Federal fiscal policy.

### **Forecast of GF-S Revenue (probabilities in parenthesis): 2013-15**

**Baseline (50%):** \$32.662 billion; \$121 million higher than the previous forecast.

**Optimistic (20%):** \$35.175 billion; \$2.5 billion more than the baseline forecast.

**Pessimistic (30%):** \$30.184 billion; \$2.5 billion less than the baseline forecast.

**Governor's Council of Economic Advisors' assumptions:** \$32.812 billion; \$149 million higher than the baseline forecast.

Please see our full report for more information. You can access this report at:  
<http://www.erfc.wa.gov/forecast/documents/rev20130618color.pdf>

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#### **About the ERFC:**

The ERFC was established under RCW 82.33 to provide the Governor and the Legislature with official independent and professional forecasts of the state economy and revenues.